

## Message Text

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13

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

H-02 PA-03 PRS-01 USIA-12 RSR-01 /142 W

----- 022514

R 100001 Z APR 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 0717

INFO AMCONSUL SYDNEY

AMCONSUL MELBOURNE

AMCONSUL BRISBANE

AMCONSUL PERTH

UNCLAS CANBERRA 2047

E. O. 11652: N/ A

TAGS: EFIN, AS

SUBJECT: RESERVE BANK RAISES STATUTORY RESERVE

DEPOSIT (" SRD") REQUIREMENT

1. RESERVE BANK YESTERDAY ANNOUNCED 1 PERCENT INCREASE, FROM 6.6 TO 7.6 PERCENT IN THE SRD REQUIRED TO BE HELD IN RESERVE BANK BY AUSTRALIAN TRADING BANKS. INCREASE TO BE IN TWO STAGES, 1/2 OF 1 PERCENT ( EQUIVALENT DOL\$A50 MILLION ADDITIONAL DEPOSIT) BY APRIL 17 AND REMAINING 1/2 OF 1 PERCENT BY APRIL 30. ACTION RAISES FUNDS FROZEN IN SRD'S TO DOL\$A770 MILLION REDUCING BANKS' LIQUIDITY CORRESPONDINGLY.

2. LAST PREVIOUS INCREASE IN SRD LEVEL WAS 9.5 TO 10 PERCENT IN OCTOBER 1969, FOLLOWED BY FOUR SUCCESSIVE DECREASES DURING SEPTEMBER 1970 - NOVEMBER 1972 PERIOD TO CURRENT 6.6 PERCENT LEVEL.

3. THIS MOVE TAKEN IN FACE OF CURRENT 8 PERCENT ANNUAL INFLATION RATE, WITH BANK LENDING RAPIDLY INCREASING IN RESPONSE DOMESTIC ECONOMIC UPSWING, AND AS DOMESTIC CAPITAL

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MARKETS BEING TESTED BY DEMAND RESULTING FROM CLOSING OFF OF  
FOREIGN LENDING THROUGH 25 PERCENT WITHHOLDING REQUIREMENT.  
DESPITE INCREASE, NEW 7.6 PERCENT SRD LEVEL STILL LOWER  
THAN ANY LEVEL PREVIOUS TO DECEMBER 1971 AND BANK LIQUIDITY  
STILL RELATIVELY HIGH. UNDER THESE CIRCUMSTANCES MAIN  
SIGNIFICANCE YESTERDAY'S ACTION VIEWED AS SIGNAL FOR FUTURE  
POLICY MOVES RATHER THAN ANY DIRECT IMPACT AT THIS TIME ON  
CREDIT AVAILABILITY.

RICE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 APR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973CANBER02047  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Original Handling Restrictions:** n/a  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 971216  
**Subject:** RESERVE BANK RAISES STATUTORY RESERVE DEPOSIT (" SRD") REQUIREMENT  
**TAGS:** EFIN, AS  
**To:** BRISBANE  
EB  
MELBOURNE  
PERTH  
SECSTATE WASHDC  
SYDNEY  
**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005